

**House VA-HUD Appropriations Committee**  
**Written Testimony by David Eisner**  
**Chief Executive Officer**  
**Corporation for National and Community Service**  
**March 24, 2004**

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to discuss President Bush's fiscal year 2005 budget proposal for the Corporation for National and Community Service, as well as the program accomplishments and financial and management improvements that our agency has made during the past year.

I also want to express my gratitude to this Committee for your funding recommendation for the Corporation for fiscal 2004. That recommendation resulted in an historic appropriation for AmeriCorps that will enable us to support the President's request for a record 75,000 AmeriCorps members – a 50-percent increase over the 2003 statutory cap of 50,000. Among other activities, these members will mobilize volunteers, build the capacity of nonprofit organizations, tutor disadvantaged children, refurbish community centers, and teach communities how to respond to emergencies. In the process, the members will themselves be changed as they are exposed to valuable and broadening experiences and as they come to appreciate the importance of active citizenship and of taking responsibility for the well-being of their neighbors and their communities. In addition, the current budget will allow us to engage approximately 1.8 million students in service to their communities through service-learning programs supported by Learn and Serve America.

Tomorrow will mark my 100th day at the Corporation, and I continue to be impressed by the dedication, commitment, and enthusiasm of our AmeriCorps members. These outstanding men and women are putting into practice the ideals of our democracy and give great hope for the future of our country.

One cannot help but be impressed with the spirit and enthusiasm of our Learn and Serve America participants. These young people are just beginning to understand the benefits and responsibilities of citizenship in our great nation, and making their first connection to the community. Through service-learning, they are developing the habit of civic engagement, which for many will last a lifetime.

The magnanimous spirit of our AmeriCorps members and Learn and Serve participants is mirrored in the dedication, professionalism and resourcefulness of the employees at the Corporation, who strive on a daily basis to make our programs and our service opportunities as meaningful – and as accountable – as possible. I deeply appreciate the contribution of our staff in ensuring that our programs effectively carry out their mission.

The President's 2005 budget request largely parallels the 2004 enacted budget, but with a few added investments in targeted programs and initiatives. I will explain these in detail later. But the bulk of these new investments are designed to further our goals of leveraging the numbers of

volunteers engaged in service activities; increasing outreach to new groups; and ensuring that the Corporation is accountable for results while providing adequate assistance to our grantees.

As you all know, last year's budget hearing came in the midst of a tumultuous year for the Corporation, with serious questions by this Committee and others about our financial and other management practices. Twelve months later, I am pleased to report that the Corporation and its programs are in a far stronger position, thanks to a number of interrelated factors, including our implementation of strict management and accountability procedures, passage of the Strengthen AmeriCorps Program Act, increased Board oversight, and passage of the 2004 budget.

Over the past year, the Corporation's Chief Financial Officer, Michelle Guillermin, and her team have been implementing a comprehensive new set of policies and procedures regarding both the awarding of grants and the enrollment of members to help ensure that last year's problems with the National Service Trust are never repeated. They also have applied their financial and budgetary expertise to the general finances of the Corporation. As a result of their efforts, I am proud to report that a new level of fiscal integrity marks the way the Corporation conducts its business.

Indeed, a number of recent outside reviews of the Corporation's management – by the GAO, our Inspector General, and the independent auditing firm Cotton and Company – have provided largely positive assessments of our Trust and other management reforms. While the reports cite some remaining weaknesses, we have made substantial progress addressing most of them. More importantly, the reports found that: 1) we are in compliance with generally accepted accounting principles, as well as with the requirements of the Strengthen AmeriCorps Program Act, 2) we are following sound business practices, and 3) management reforms are rapidly and effectively addressing the identified weaknesses.

The challenges of last year also spurred a number of other actions designed to move our agency toward organizational excellence. We have moved ahead with several strategies to improve our internal communications, our grant (and member) application and reporting systems, and our internal personnel practices. The technological advances implemented by our new Chief Information Officer have brought together our data, reporting, and information systems in more effective ways. A better and more efficient grants review process has been put in place, under the direction of a new Office of Grants Policy and Operations. And, after a thorough review and in close consultation with our employees and their union representatives, we are implementing significant and needed changes to the Alternative Personnel System through which the great majority of our employees serve.

Continuing with this momentum, we are contracting with the National Academy of Public Administration to support upgrades to our leadership structure, operations, management, and grants programs. In addition, we will be conducting a Business Process Review of several key functions in the effort to become a more efficient and effective organization.

While there is still much more to do, I am pleased to report that the Corporation has been making steady progress in all areas of its management – progress that will be accelerated in fiscal years 2004 and 2005.

## WHAT WE DO

As we strive to strengthen our management, we should never lose sight of the main mission of our programs: to engage people of all ages and backgrounds in meaningful service that changes participants' lives, strengthens nonprofit community organizations, demonstrably meets critical local and national needs. Indeed, the Corporation's programs are an integral part of President Bush's effort, through the USA Freedom Corps, to create a culture of citizenship, service, and responsibility in America.

AmeriCorps members build the capacity of the nonprofit community and leverage thousands of volunteers to serve with nonprofit organizations, public agencies, and faith-based organizations in rural and urban communities throughout the Nation. AmeriCorps members and volunteers tutor and mentor youth, build affordable housing, teach computer skills, clean parks and streams, run after-school programs, and help communities respond to disasters. Members generally commit to a full year of uninterrupted intensive service, consisting of between 20 and 40 hours a week. In exchange, AmeriCorps members earn an education award that can be used to pay for college or graduate school, or to pay back student loans.

In 2003, AmeriCorps members also focused their efforts to help meet the Nation's homeland security needs, as a number of programs specifically designated for that purpose began operations. Those efforts were above and beyond the public safety work AmeriCorps members do each year with organizations such as the American Red Cross and the Federal Emergency Management Agency. This priority will continue in 2004 and 2005.

AmeriCorps\*NCCC (National Civilian Community Corps) is a program designed specifically for those between the ages of 18 and 24 that combines the best of the military and civilian service models. In teams of 10 to 14, about 1,250 young men and women serve with nonprofit groups to provide disaster relief, preserve the environment, build homes for low-income families, tutor children, and meet other challenges. Because members are trained in mass care and can be assigned to new duties on short notice, they are particularly well-suited to meeting emergency public safety needs. In 2003, AmeriCorps\*NCCC members responded to 36 requests for emergency relief, including Hurricane Isabel along the mid-Atlantic coast, fires in Colorado, Wyoming and Arizona, tornadoes in Kansas, Mississippi, Oklahoma and Missouri, floods in Texas, Kentucky, Alabama and Tennessee, and the recovery of debris from the Space Shuttle *Columbia*. AmeriCorps\*NCCC teams are available to respond to any and all emergencies, and to help out in a variety of other ways.

Learn and Serve America provides grants to schools, colleges, and nonprofit organizations to support efforts that engage students in community service linked to academic achievement and the development of civic skills. This approach to education, called service-learning, improves communities while preparing young people for a lifetime of responsible citizenship

We will soon be issuing continuation grants for the second year of three-year grants to schools, colleges, and community organizations in all fifty states. These grants, as I noted earlier, will engage approximately 1.8 million students in service projects and civic activities in their communities. Many of these grants will be awarded to programs that link the teaching of history and civics with service. The grants support educators' efforts to help their students understand the meaning of civic participation in American democracy. This time next year, we will have a full year of progress reports on these programs, and I look forward to giving you a more comprehensive report at that time.

To a great degree, all our programs are about fostering the ethic of good citizenship and putting into practice the democratic ideals of self-government and service to others. Other initiatives under the Corporation's umbrella include the President's Council on Service and Civic Participation, which sponsors the President's Volunteer Service Award; the National Conference on Community Volunteering and National Service, the premier gathering of those who work in volunteer management and the voluntary sector; Presidential Freedom Scholarships, which provide matched scholarships of \$1,000 to high school students who have demonstrated exemplary leadership in community service; and the Martin Luther King, Jr. Day of Service, which seeks to transform the MLK holiday into a day of community service honoring Dr. King's memory, as exemplified by the United Way of Southeastern Pennsylvania's use of its \$6,500 grant to support a city-wide day of service in Philadelphia involving more than 40,000 volunteers. All these programs have the goal of increasing the numbers of Americans of all ages involved in their communities.

Those numbers, I'm pleased to report, are rising. From a Bureau of Labor Statistics survey that the Corporation helped initiate, we know that in 2003, 63.8 million American adults volunteered through formal organizations – up 4 million from a year earlier and still strong some two years after September 11. As we reform our programs, the Corporation is striving to ensure that national service intentionally works to broaden, deepen, and strengthen the ability of these 63 million volunteers to contribute – and of America to capture this strength.

One important role for national service is to serve as an engine of volunteer mobilization, and we are finding ways for more and more of our AmeriCorps members to devote more of their time to helping charities recruit, train, and manage volunteers.

A good example of this is our successful partnership with Habitat for Humanity. Currently, about 400 AmeriCorps members serve with Habitat across the country, helping the organization in its efforts to build homes for low-income people looking to better their lives.

Each of these AmeriCorps members helps build an average of three houses a year, which means that AmeriCorps members serving with Habitat build 1,200 houses a year – a figure that is fairly impressive. But even more impressive, I think, is that each member trains or supervises 300 volunteers a year – which means that AmeriCorps members who serve with Habitat train or supervise a total of 120,000 traditional volunteers a year. The episodic volunteers the AmeriCorps members supervise are people who want to help by giving a few hours of their time each weekend, or each month. Rather than swinging hammers themselves, AmeriCorps members devote their time to organizing these volunteers, managing the Habitat for Humanity build sites, and making sure that volunteers' time is used efficiently and effectively – which is a key element of whether a volunteer chooses to remain actively engaged in his or her community.

The value of this volunteer-leveraging role to the nonprofit world should not be underestimated. Recently, the Corporation, USA Freedom Corps, and the UPS Foundation commissioned a comprehensive study of volunteer management capacity at charities and congregational social service outreach programs across the United States. The study found that these groups valued their volunteers for these important reasons:

- they were instrumental in reducing costs;
- they improved the quality of services provided; and

- they raised awareness of the organization in the community.

Moreover, the study also found that the strongest predictor of achieving high value from volunteers was having a person on hand to manage volunteer activities.

Unfortunately, few groups said they had the resources to devote to such a person. And when given an array of choices about what they needed to increase their volunteer capacity, more charities and congregations selected “a stipended volunteer” than any other option, including cash.

At the Corporation, we're taking those answers very seriously. Our members can provide an extremely valuable resource to charities, and we're going to continue to strengthen relationships with grantees that use members effectively to recruit and manage episodic volunteers. What's more, we're looking for other ways to use AmeriCorps members to help build the capacity of nonprofit groups, both faith-based and secular. Building capacity involves more than volunteer recruitment and management. It involves helping groups set up the administrative, technological, financial, and management systems and procedures they need not only to broaden their reach but also to become more efficient, effective, and, ultimately, self-sustaining.

This does not preclude national service participants from continuing to provide direct service. In fact, national service can best play a role in meeting needs that aren't being met through other channels. But it stresses those areas where national service can add value to the millions upon millions of volunteers who serve their communities every day through traditional volunteer networks and nonprofit organizations.

## EXECUTIVE ORDER AND RULEMAKING

Strengthening the value that national and community service programs add to traditional volunteering and the nonprofit world is one of the key purposes of an Executive Order that President Bush signed last month. Executive Order 13331 on National and Community Service Programs directs the Corporation to adhere to four fundamental principles in the administration of its programs: 1) support and encourage greater engagement of Americans in volunteering; 2) respond more effectively to State and local needs; 3) be more accountable and more effective; and 4) increase involvement with grassroots faith-based and community organizations. The Executive Order further directs us to review our policies and programs for consistency with the principles, to institute specified management reforms, and to report back to the President within 180 days on the actions the Corporation proposes to undertake to accomplish these objectives.

On a separate front, Congress and the Corporation's Board of Directors have directed that we begin the process of AmeriCorps rulemaking to address a number of issues that have proven to be particularly difficult to resolve, including sustainability, federal share of costs, match requirements of grants, and volunteer leveraging. The goal of rulemaking is to bring a far greater degree of consistency, predictability, and reliability for our grantees, and to make the AmeriCorps program more efficient, effective, and accountable.

The Corporation is currently in the midst of its rulemaking process. We have conducted public meetings in Columbus and Seattle, where we met with the Corporation's various stakeholders and heard their opinions and concerns in advance of publishing proposed rules for public comment. In the next two weeks, we will hold meetings in Boston, Dallas, and Washington, D.C. We are taking this extra step because we understand the complexity of the issues involved and because we are committed to building trust and credibility through an open and honest exchange with our stakeholders. Our grantees, potential grantees, and other concerned individuals are putting energy into working with us to make sure these rules are right.

From my experiences, I can tell you that our grantees, members, state commissions and other partners all have legitimate and varied concerns about the future of the program. The issues at hand are complex and do not lend themselves to easy answers. However, these stakeholders also have a wealth of experience, knowledge, and new ideas that we can harness – that we must harness – to get rulemaking right.

While the rulemaking process continues, the Corporation has taken a number of steps to move AmeriCorps in the direction indicated by the President, Congress, and the Board for the 2004 program year. As we strive to reach 75,000 members, the Corporation has issued grant guidelines for 2004 that call for a lower average cost per member (average cost per FTE includes the Corporation's share of member support, other than the education award and child care costs, and program operating costs). We also expect to increase the percentage of AmeriCorps members participating in the Education Award Program, in which the Corporation is responsible for the education award and a small administrative fee, but it not responsible for paying members' stipends. And, we are working to increase the number of professional corps grantees within our portfolio. In FY 2004, then, we expect to see:

- **Reduced Federal Costs Per FTE:** The projected-average cost per full-time equivalent (FTE) of AmeriCorps\*State and National stipend programs for FY 2004, not including EAP Grants, is about \$9,450. This amount includes the Corporation's share of member support and program operating costs and is 10 percent below the FY 2002 baseline level of \$10,507. This reduction is consistent with the 2004 Omnibus Appropriations Act, which states that, "to the maximum extent practicable, the Corporation . . . shall reduce the total Federal costs per participant in all programs."
- **Increased Use of the Education Award Program (EAP):** For FY 2004, we project that the Education Award Program grants will increase to 40 percent of the total number of AmeriCorps slots awarded, up from 37 percent in FY 2002.

### 2005 BUDGET PROPOSAL

In our 2005 budget proposal, the Corporation is asking for a total of \$642.2 million from this Committee. This includes \$442 million to support reaching our target of 75,000 AmeriCorps members; \$27 million for the National Civilian Community Corps; and \$46 million for Learn and Serve America.

As I noted earlier, we are requesting additional small and targeted investments in programs and initiatives designed to further our goals of leveraging the numbers of volunteers engaged in service

activities, leveraging private financial resources, increasing outreach to new groups, and ensuring adequate assistance to grantees and oversight of our grants. These investments include:

- A \$3 million increase for Learn and Serve America, specifically to fund a program to educate teachers about service-learning techniques. The training program is designed to increase both the quality and the quantity of educators who will engage thousands more students in meaningful service to their communities. If passed, this would be the first increase in funding for Learn and Serve in a decade, and it would go a long way toward disseminating the knowledge gained from the past 10 years.
- A \$2 million increase for the AmeriCorps\*NCCC program to provide much-needed capital improvements to the five regional campuses across the country, located in Charleston, SC; Denver, CO; Perry Point, MD; Sacramento, CA; and Washington, DC. The capital projects include vitally important roof repairs, accessibility upgrades, and fire safety enhancements.
- A \$7.6 million increase for Challenge Grants, an innovative grant program that requires a two-for-one private match for every federal dollar offered. The minimum Challenge Grant award will be \$100,000, and the maximum will be \$500,000. We estimate that up to 30,000 citizen volunteers will be supported through this program. As importantly, these grants are a powerful catalyst to bring new private supporters of service to the table in many communities.
- A \$3 million increase for Next Generation Grants. Because prospective grantees in this competition cannot have received prior funding from the Corporation, and also must have organizational budgets of \$500,000 or less, this program is an important part of our outreach to faith-based and other community organizations.
- \$20 million to fund a “Silver Scholarship” program. This initiative would provide transferable scholarships of \$1,000 each to nearly 10,000 senior volunteers who, through a special grant program run by the Corporation, dedicate 500 or more hours tutoring or mentoring a child over the course of the year. The program specifically is designed to support organizations that help meet President Bush’s goal that every child be able to read by the third grade. Approximately half of the \$20 million is for program grants, and the other half is for the National Service Trust to fund the scholarships. We believe that this “ed award” model, pioneered through the AmeriCorps program, offers tremendous opportunities to mobilize the aging boomer population.
- An increase of \$5 million for training and technical assistance to help grantees successfully manage their programs, including providing necessary assistance for grantees to attract and manage additional volunteers, and to raise funds from other sources. Through such assistance, grantees receive training to build their organizational capacity and become more sustainable.
- An increase of \$3 million for evaluation to help ensure that our programs are efficient and effective and to bring critical new tools for outcome and impact measurement to our work. The Corporation is implementing a leading-edge performance measurement system and needs these funds to continue collecting and analyzing data from grantees, service participants, and other beneficiaries. The funding also supports scientific evaluations of

program impacts, cost-benefit studies, and other projects that inform our program design and management.

- A \$6.7 million increase for program administration to ensure that the Corporation and state service commissions have sufficient operating funds. At a time when the Corporation has been called on to increase effectiveness, performance, accountability, and performance measures, and to expand outreach to small community and faith-based organizations – and when the AmeriCorps program has grown by 50 percent – we currently do not have resources to continue to maintain a sufficient level of support and oversight. For the current fiscal year, following a reduction of 18 employee positions, Corporation employees are being stretched about as thin as possible. Our request would restore key staff, provide for adjustments to current services, increase employee training, and fund badly needed updates to the material we use to promote national and community service.

### MANAGEMENT PRIORITIES

When I began as CEO of the Corporation in December, I articulated three principles to guide the way the Corporation conducts its business:

- 1) restore trust and credibility with all of our stakeholders;
- 2) manage to accountability; and
- 3) keep the customer in focus.

Because those remain my top priorities, I would like to focus briefly on each of them.

**Restore trust and credibility.** The Corporation has three sets of key stakeholders – our grantees and potential grantees, our employees, and members of Congress – and trust and credibility was a critical barrier with each of them last year. As events related to the enrollment pause and the availability of funds for new grants in 2003 unfolded, there was a general feeling that the Corporation needed to be more forthcoming with timely and reliable information. Moreover, the prolonged impasse involving the National Service Trust deeply affected the reputation of the Corporation with its grantees, potential grantees, potential members, and the communities in which our members serve. To correct that situation, I am committed to working with all our constituencies in an open, honest, and above-board manner.

Already, we have seen significant progress in this area. We have tried to be more open and responsive to Congress, informing you in advance of all significant developments concerning our agency, including grant awards and the decision to begin the rulemaking process, as well as meeting with your staffs on a regular basis to report on progress. And, embarking on the rulemaking process has been very helpful in demonstrating to our grantees and to the field of potential grantees that we are committed to a new level of open and inclusive communication.



Of course, one of the best ways to build trust is to meet expectations – to do what you say you’re going to do, and do it well – which is why my second guiding principle is managing to accountability.

**Managing to accountability.** The 2004 Omnibus Appropriations Act requires the Corporation to review its grant programs and financial systems thoroughly and to submit to Congress a comprehensive report detailing implementation of corrective actions and future plans for achieving management reforms and increased accountability. That report was submitted to you on March 12, 2004. I would like to outline some of its findings related to accountability. I also want to note that we have reorganized the Corporation’s management and assembled a larger new executive management team that is responsible for overseeing a broad slate of management reforms in the areas of program management, management and oversight of the Trust, general financial management, grants operations and policy review, grant award management, personnel management, and performance measurement.

### Trust Management

After the Trust problems were discovered in late 2002, and before the AmeriCorps enrollment pause was lifted in March 2003, the Corporation realigned management and instituted a new set of strict procedures regarding the awarding of grants and the enrollment of members, many of which were detailed to this Committee last year.

The Corporation enhanced its management of the Trust by improving internal communication between departments and by clearly identifying those persons responsible for Trust operations and oversight. That area was cited in several reports as having been a major weakness in the way the Trust had been managed.

The Strengthen AmeriCorps Program Act of 2003 significantly altered the enrollment equation, largely by shifting the time for the recording of federal obligations in the Trust for education awards. Specifically, the Act determined that the obligation should be recorded at the time of approval of an AmeriCorps position. This change alone provides extensive safeguards against potential difficulties. In addition, the Act established a reserve fund to serve as a safety net in case actual education award usage varies from our estimates, and specified the accounting practices to be used for determining the liability for education awards. This marks the first time that a detailed procedure for recording Trust obligations has been set into law.

On top of these changes, we are institutionalizing broad reforms to ensure that the budgeting, planning, recording, and reporting practices associated with the Trust comply with all legal requirements and meet the highest standards of management. This includes implementing the Strengthen AmeriCorps Program Act and establishing fund control regulations as required by OMB Circular No. A-11. CFO Guillermin and her staff also have developed new procedures designed to systematically control the approval of education awards and to monitor enrollments and other indicators related to Trust liabilities. We have implemented improvements consistent with the recommendations in our Inspector General’s report on the Trust. We will continue to work with our Inspector General, the Office of Management and Budget, and the General Accounting Office in carrying out our stewardship of the National Service Trust for the benefit of the AmeriCorps members and the communities they serve.

All the procedures that we are implementing allow the Corporation to get a much better snapshot of member enrollments at any given time, and prevent grantees from enrolling more members than have been allotted to them in their grant. In addition, under the leadership of a new Chief Information Officer, we have made great progress in upgrading and integrating our technological capabilities. In particular, we have begun to incorporate the capability of our Web-Based Record System (WBRs) -- a system uniquely defined to track the information associated with an enrolled AmeriCorps member -- into eGrants, the system through which organizations apply for grants and issue compliance reports. We are also moving toward integrating other systems used by the agency.

### General Financial Management

The aim of the Trust improvements cited above is to support informed decision-making and a management culture that relies on credible data in awarding grants and in setting program goals. Through a variety of new systems and procedures, we have also applied this mindset to many – if not most – of the internal operations of the Corporation.

For example, we have implemented a new budget process that links financial requests to performance measures, and an expanded staff of budget analysts is supporting our programs as they strive to improve financial analysis and implement performance management. In addition, we have increased efficiency and thoroughness and have made great strides toward eliminating a significant backlog of outstanding audit matters and grant closeouts.

As an indication of the Corporation's commitment to the highest levels of management and financial accountability, the agency obtained an unqualified independent auditors' opinion on our financial statements for fiscal year 2003, with no material weaknesses and only one reportable condition. The development of measures for financial accountability for both internal Corporation operations and our grantees will continue to be a priority in the current and upcoming fiscal years.

### Grants Management

In 2003, the Grants Management Task Force of the Corporation's Board of Directors examined the procedures we use to solicit, review, award, and monitor grants. The Task Force identified key grant making areas in need of improvement, including developing a more targeted approach for funding by setting clear priorities and by eliminating barriers that prevent faith-based and new applicants from applying for and receiving Corporation funding.

As a result of the Task Force's May 2003 report, the Corporation's leadership developed a Management Improvement Team, consisting of Corporation staff from various programs and departments, to assess its grant-making strategies and results. In addition, the Corporation looked to other federal grant-making agencies for effective grant-making and grants-management practices.

The various research, assessments, and recommendations have resulted in several changes. We have established a new Office of Grants Policy and Operations, which is charged with overseeing the daily operations of the grant review process and the quality of the Corporation's grant-making activities. A new, streamlined peer review process already has been implemented. In addition, the new CIO has begun to make improvements to the eGrants system, the electronic tool used to obtain and review grant applications; all Corporation grant programs funded by this Committee have issued grant awards via eGrants since its rollout last year.

The eGrants system is Internet based and allows our grantees to go to one place to apply for grants, submit progress reports, and complete financial status reports. The applications are evaluated by Corporation staff using the system, and once a grant is awarded, the current status and any changes are also tracked through eGrants. Use of the system has significantly reduced the paperwork and time needed to process a grant. In addition, we are better able to track the history of all of our grants.

Like most complex IT applications, however, eGrants was not a complete and immediate success. Currently, the system's second phase, which is designed to make numerous reforms to the initial version, is under way. The goal of the reforms is threefold: 1) to make the system more user-friendly; 2) to enable it to capture more usable data for day-to-day management purposes; and 3) to enhance its ability to communicate with other administrative records systems for management consistency and data verifiability.

As mentioned earlier, the CIO has been charged with improving eGrants and with integrating it with WBRs, which itself recently was upgraded to allow users to track their progress toward achieving the targets set in their performance measures. The CIO's office is working with each of the Program Directors to ensure that grantees and Corporation staff are effectively using all of the system's capabilities. These and other IT enhancements will allow the Corporation to make timelier grant awards, monitor grants more effectively (including enrollment and expenditures), and be more responsive to the needs of grantees.

### Performance Measurement

Performance measurement is a key area of grantee and program accountability, and progress continues to be made in three areas: developing more outcome-oriented measures; establishing a more reliable means to quantify the current measure of "volunteer leveraging," and identifying and implementing ways to report performance data on the state level, in addition to reporting on the national level.

In 2003 and 2004, AmeriCorps revised its program guidance to require all grantees to develop performance indicators for their programs. Currently, all programs that apply for funding from the Corporation (except in the Challenge Grant category) must submit applications that propose at least three self-nominated performance measures – one output, one intermediate-outcome, and one end-outcome. Learn and Serve America applicants are required to submit performance measures in at least one of four program impact areas: promotion of civic responsibility; improved academic performance, reduction in risky behaviors, and institutionalization of service-learning and civic participation. These measures are subsequently approved by Corporation staff. All negotiated performance measures are included in grant awards,

and grantees must meet proposed performance measurement targets or address any performance deficiencies. Through performance reporting, the Corporation is committed to rewarding successful programs with continued or increased funding, while holding poor-performing programs accountable for their results.

The Corporation has worked closely with state service commissions to develop a set of administrative standards by which to assess their performance in overseeing national and community service programs. Commissions have been established in every state except South Dakota. In addition, the District of Columbia, Puerto Rico and American Samoa each have active commissions. Currently, 44 of the 52 commissions have met all administrative standards. Of those outstanding, two are new commissions and will be reviewed for the first time this year. In FY 2005 we expect at least 50 commissions to meet the standards. Our program officers and state administrative standards project manager are providing technical assistance to assist them in resolving outstanding issues.

These efforts mark the second phase of the Corporation's comprehensive performance measurement initiative, which is designed to assess whether our programs are achieving their mission and producing adequate benefits to members, students, nonprofit and community organizations, schools, universities, and service recipients. The initiative began in 2002 with an assessment of the Corporation's performance measurement systems and we have since been implementing a plan to identify measurable indicators of program performance and to collect nationally representative data to report on those indicators. As part of that effort, the Corporation awarded more than \$4 million in contracts to the Urban Institute and Abt Associations, and has consulted with several experts in performance measurement and performance reporting.

**Focusing on our customers.** The model we are using to improve our agency relies on several basic assumptions from the business world. First, we must understand our markets and gather accurate and reliable information on all our customers – current and potential grantees, members, volunteers, students, teachers, and others. Then, we need to build a better relationship with those customers by determining where they find value in what we offer, such as whether and how various elements of our training and technical assistance are valuable to them, and what actions we can take to increase the value of our recruitment efforts, of our grant feedback, of our data reporting, of our conferences, and so on. Finally, we need to understand the other side of the equation – the costs involved for our customers of doing business with us, in terms of resources, energy, time, and anxiety. Ultimately, we must work diligently to drive up the value of what we offer to our customer at the same time we drive down their costs.

By focusing on these three principles – restoring trust, managing to accountability and keeping the focus on the customer – we can move our agency forward. There is no question that the Corporation for National and Community Service is far stronger today than it was a year ago. We have heard Congress' concerns about the need to strengthen our management, we have taken significant corrective actions, and we are committed to achieving the highest levels of accountability, efficiency, and effectiveness in all of our operations. The President's February 2004 Executive Order and the rulemaking process will enable us to make even greater strides in that regard, and the 2005 budget will help us get even closer to our goals. We look forward on reporting back to you on how the reforms are taking effect.

Mr. Chairman, this concludes my remarks. I would be more than happy to answer any questions that you might have.